

## **Testimony of Leon Drolet, Michigan Taxpayers Alliance Chair, on HB 4001 before the House Tax Policy Committee on February 15, 2017**

Since the state increased the state income tax rate by 11.4% (from 3.9% to 4.35%) in 2007:

- Revenues from the state income tax have increased from \$5.8 billion in 2007 to \$8 billion - a **38% increase**.
- State budget revenues from all state sources increased from \$27.9 billion in 2007 to \$31 billion in 2017 - an **11% increase**.
- Median personal income in Michigan **declined** from \$55,465 in 2006 to \$51,084 in 2015 - a **7.9% decrease**.

The above statistics tell only part of the story regarding real income decline. Available personal income after taxes declined much further when the following are factored:

- The 2017 increase in gas taxes and vehicle registration fees.
- Headlee roll ups passed by many county and other local municipalities during the recession.
- Pension tax increases passed in 2011.
- \$82.6 million in new or higher state fees on families and businesses passed in 2013.
- Liquor tax increase of 2% in metro Detroit counties starting in 2016 authorized by P.A. 553 of 2008 to fund Cobo Hall expansion.
- Affordable Care Act tax (penalty) paid by those unable to afford federal health care mandate.
- Water rate increases to cover bond repayment for sewer/water infrastructure projects.
- Legislation facilitating collection of use (sales) taxes on online purchases (Public Acts 553 and 554 of 2014).

**No wonder voters have rejected state and regional tax hikes at the ballot. There is a disconnect between elected officials and taxpayers.**

- Overwhelming voter rejection of state sales tax increase on May, 2015 ballot.
- November, 2016 voter rejection of property tax increase to expand mass transit tax in metro-Detroit.

Elected officials should be advocates for the budgets of their constituents first and for the budgets of governments second. State revenues have fully recovered from the great recession, but citizens' budgets have been left behind.

I urge your support of HB 4001.